

simple interest," which is defined in §12-101 of this subtitle, is substituted for "simple interest." This is in accord with the interpretation of this section expressed in 53 Op. Att'y Gen. 348; 353 (1968), generally cited with approval in B.F. Saul Co. v. West End Park, 250 Md. 707 (1968). The Attorney General opined that "where [bonus] charges are collected, the term 'rate [of] simple interest on the unpaid balance,' as used in Section 3, must be construed as the rate of effective interest computed according to Sections 1 and 2..." Similarly, in B.F. Saul, *supra*, the Court of Appeals stated "Again, we emphasize that the test as to whether the loan is usurious would be the amount of the effective annual interest rate (yield to maturity)..." 250 Md. at 718.

12-103. OTHER PERMITTED RATES OF INTEREST.

(A) LOAN UNDER WRITTEN AGREEMENT - 8 PERCENT MAXIMUM.

A LENDER MAY CHARGE INTEREST AT AN EFFECTIVE RATE OF SIMPLE INTEREST NOT IN EXCESS OF 8 PERCENT PER ANNUM ON THE UNPAID PRINCIPAL BALANCE OF A LOAN IF THERE IS A WRITTEN AGREEMENT SIGNED BY THE BORROWER WHICH SETS FORTH THE STATED RATE OF INTEREST CHARGED BY THE LENDER.

REVISOR'S NOTE: This subsection is new language derived from Art. 49, §3.

The term "effective rate of simple interest" is substituted for "simple interest"; in this regard, see the revisor's note to §12-102.

A requirement that the written agreement be "signed by the borrower" is substituted for the present reference to an agreement "between the lender and the borrower." This conforms the section to the usual statute of frauds rule that a required writing need be signed only by the party "to be charged" or "against whom enforcement is sought." See, e.g., Art. 39C, §1; RP §5-104; ET §8-109(i); and §2-201(1) of this article.

The term "stated rate of interest" is defined in §12-101. It is this rate which the Court of Appeals held is required to be set forth in the required agreement. Cf., B.F. Saul Co. v. West End Park, 250 Md. 707, 718 (1968).